THE GENERAL SERVICES ADMINISTRA-TION'S FISCAL YEAR 2005 CAPITAL INVESTMENT AND LEASING PRO-GRAM

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HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

OF THE

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Tuesday, July 13, 2004

House of Representatives, Subcommittee on Eco-NOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, WASHINGTON, D.C.

The subcommittee met, pursuant to call, at 10:00 a.m. in room 2203, Rayburn House Office Building, Hon. Steven C. LaTourette [chairman of the subcommittee] presiding.

Mr. LATOURETTE. The Subcommittee will come to order this

morning.

I want to welcome the Members of the Subcommittee to this morning's hearing on the General Services Administration's Fiscal Year 2005 Capital Investment and Leasing program.

Each year, the GSA submits to the Congress prospectuses for the acquisition, lease, design, alteration, and construction of Federal buildings and courthouses to house the judiciary and executive

branch agencies.

This year GSA has submitted to the Committee 71 prospectuses. Of these, there are 27 for the repair and alteration of Federal buildings and courthouses. In total, these prospectuses request \$638 million in new authority for projects around the country. These projects will ensure that the Federal workforce and judiciary have the highest quality of workspace possible.

GSA has also submitted a request for \$46 million in funds for the advance design of future repair and alteration projects in Washington, D.C.; Birmingham, Alabama; Chicago; Indianapolis; Kansas

City, Missouri; Newark; New York City; and Cincinnati.

There are 23 prospectuses for construction. Of these, there are 9 for courthouses, 13 border stations, one Federal building. These prospectuses represent a request for \$515 million in new authority, \$415 million for the court projects and \$200 million for executive

agency projects.

Finally, there are 17 prospectuses for leases throughout the country, though the majority of them are for the Metropolitan Washington, D.C. area. In total, these prospectuses request authority for over 3 million square feet of space at approximately \$41 a square foot. The current rent on this space is just over \$75 million, though the proposed annual cost will exceed \$133 million. As with previous years, the lease termon the majority of these prospectuses is for 10 years.

While the GSA and the courts have long enjoyed a favorable venue here in the Transportation Committee, this history should not indicate that the Committee would approve any prospectus that comes our way. We are going to take a serious look at these projects to ensure not just the value of the government's dollar, but also how these projects came to be, and for the projects whose costs have increased, what is the basis for the increases.

I look forward to working with Ms. Norton on these issues, especially because this issue is so important to the District of Columbia.

I now want to call upon our distinguished Ranking Member for

any observations she would like to make.

Ms. NORTON. Thank you very much, Mr. Chairman. Thank you Chairman LaTourette for calling this hearing. I welcome this morning's officials from the Administrative Office of the Courts, and of course the General Services Administration.

Mr. Chairman, as you know having served on this Committee for several years yourself, I of course have served on it since coming to Congress in 1990, during my tenure, and during yours, the issue of court funding and program management has been reviewed and analyzed and very often discussed again and again by this Subcommittee, with additional analysis and comment frequently provided by the General Accounting Office. Mr. Chairman, I must say resolving the funding and management for this program has not

gotten any easier.

The Subcommittee is now confronted with a project backlog, projects out of sequence, a significant number of amended prospectuses, and virtually none or very little courtroom sharing. Yet, courtroom sharing time and time again has been pressed by this Subcommittee unanimously. Further, it is my understanding that the Senate Environment and Public Works Committee has requested a GAO audit of the storied, infamous Los Angeles courthouse project and will not authorize that project until the audit is complete, although, Mr. Chairman, with a lot of hard work on this side, I thought that at least that courthouse was off of our radar screen.

Further, there have been changes in the method by which the agency determines space requirements. The Subcommittee needs to be informed of the new methodology and how it will solve occu-

pancy problems.

The border construction program is accounting for more and more spending. I have questions on the scope and timeframe for this program that is growing in importance. I would note that Ranking Member Oberstar mentions in his statement, that I ask to be included in the record, that funding for this year's program has been significantly reduced from last year.

I, of course, have questions for both the GSA and the courts about the future direction and management and look forward to today's hearing. Thank you again, Mr. Chairman.

Mr. LATOURETTE. I thank you very much. Without objection, Mr.

Oberstar's statement will be made part of the record.

If there are no other opening statements, we will now turn to our witnesses.

Our sole panel this morning is comprised of Mr. Joe Moravec, the Commission of the Public Buildings at the General Services Administration, and the Honorable Jane R. Roth, of the Third Circuit Court of Appeals. Judge Roth serves as the Chairman of the Judicial Conference's Committee on Security and Facilities, and will be representing the Courts at today's hearing.

We thank both of you very much for coming and look forward to

your testimony.

Mr. Moravec, whenever you are ready.

TESTIMONY OF F. JOSEPH MORAVEC, COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION; AND HON. JANE R. ROTH, JUDGE, U.S. COURT OF APPEALS FOR THE THIRD CIRCUIT, CHAIRMAN, JUDICIAL CONFERENCE COMMITTEE ON SECURITY AND FACILITIES

Mr. Moravec. Thank you, Mr. Chairman. I have previously submitted a written statement and would ask that it be entered into the record of these proceedings. I would in the time allowed like to expand on that statement to provide the Subcommittee with some sense of the current state of the Public Buildings Service, with particular emphasis on some of the performance improvement initiatives that are now underway.

But before doing that, I would like to take this occasion to thank you publicly, Mr. Chairman, for your participation about a month ago in the National Building Museum's presentation of its annual Honor Award to GSA for our contributions to the building arts. I should note that this is the first time a Government agency has been so honored, and we are very proud of the distinction. Your remarks on that occasion were extremely gracious and welcome and were especially meaningful to us given your intimate knowledge of our activities in your oversight responsibilities. And as you point out then in a truly bipartisan spirit, Ms. Norton and her colleagues on this Subcommittee are full partners with you and the majority in your support of our mission. We are grateful to the entire Subcommittee for that support.

I would describe the Public Buildings Service today as a healthy, value-adding Government agency with an engaged workforce that understands its mission and that is achieving steady progress toward its goals, and real excellence in many areas, as indicated by our performance measures and by feedback from disinterested third parties.

Areas of particular distinction include the design of new public buildings, historic preservation, and asset management. Moreover, I believe we have demonstrated the will and the capacity for continuous performance improvement. I do believe that we are getting better all the time.

President Bush's Management Agenda, which is based on wellestablished private sector concepts such as customer service, linking budget to performance, leveraging technology, and economies of scale, is especially relevant for the Public Buildings Service. At the Public Buildings Service, we are focused on one overriding objective—improving performance of the agency on behalf of customers and taxpayers and leaving a strong legacy of a continuously improving organization. I would like to say that the Public Buildings Service's mission is to deliver a superior workplace for the Federal worker and superior value for the American taxpayer. In that context, we engage in two fundamental activities. We acquire workspace by lease or construction, occasionally by purchase, and then we manage the acquired asset. On the acquisition side of our business, we are focused on improving the quality of our leasing program, how we lease space from private landlords to house Federal workers, which represents about half of our budget, over \$3.6 billion in this cycle. Our most important current initiative in this regard is what we call the National Broker Contract, which will consolidate multiple existing contracts to take advantage of Government buying power, and engage with the commercial real estate services industry to take full advantage of what it offers to large geographically diverse users of office space like GSA.

We expect that this effort will expand our capacity, reposition our realty specialists to spend more time with customers and less time on the nonproductive mechanics of space acquisition, drive down transaction costs, and improve the value that we are getting

for the taxpayers' dollars.

Also in the acquisition area, our Construction Excellence Program is a comprehensive series of initiatives to improve our ability to deliver capital construction projects, as we say, on time and on budget, without reducing scope or quality. This involves sharing valuable market and project information, mentoring and training project management associates, strict checks and balances in estimating and administering budgets and schedules, experimentation with innovative procurement vehicles such as design/build, bridging, and construction, management at risk, peer reviews of work in progress, and constant review of every aspect of managing the design and construction process at every level of the organization.

Once acquired, we must take care of these assets, both owned and leased. On the asset management side of our business, we continue to make reinvestment in owned portfolio. Our highest priority, and that is now starting to show some results. I would like to thank this Subcommittee for continuing to provide us with the capital we need, about \$1 billion a year in new obligational authority for the last several years and again this year, to deal with our

backlog of deferred maintenance.

The key to this effort is our portfolio restructuring and reinvestment initiative, a private sector style approach to reshaping our portfolio of owned properties to consist primarily of strong, positively cash-flowing assets that can provide for their own upkeep. This initiative has in the last two years reduced the initial identified list of over six hundred non-performing assets by more than half through disposal, demolition, data correction, and remediation. It has eliminated about four million square feet of nonproductive, under-utilized space, including one million square feet of vacant space, and it has saved about \$200 million of deferred maintenance.

Also in the asset management area, GSA recently worked with OMB in the crafting of Executive Order 13327, which was signed by the President in February, for Federal real property asset management, which promotes efficient and economical use of real property assets across Government and assures application of best practices and management accountability for continuous reform and improvement. The Executive Order reasserts GSA's government-wide

role, in partnership with OMB and Congress, as the source of best

real property asset management practice.

An important by-product of these activities is the steady reduction of vacant space in our owned inventory, from 9.2 percent in 2002 to 8.3 percent at the end of 2003, to a projected 7.6 percent in our owned inventory at the end of 2004, to our ultimate goal of 7 percent. At 8.3 percent, we are well below national market averages for vacant space, which stand at about 14 percent, and well below vacancy rates of even the most successful private companies. For leased space the vacancy rate is even lower, at 1.4 percent at the end of 2003, for a combined average vacancy in both owned and leased inventory of about 5 percent. And if you take out the space that is in transition from that number, it nets out to about 3.34 percent of truly vacant available space, or about 11.5 million square feet in our portfolio of 354 million square feet, which I think is remarkable.

We have been able to effect these improved portfolio economics while raising our customer satisfaction levels to the highest point since we began measuring customer satisfaction ten years ago.

And finally, I want to mention what I consider our most important management initiative. To help us better manage in support of our customer agencies' needs, we are transforming our workforce, within existing Civil Service rules, based on a recalibration of our value proposition and re-engineering of our business processes, to move from merely responding to our customers' needs to prospectively understanding them and bringing all of our resources to bear on our customers' problems. This human capital strategy will translate into new jobs, new job families, and, to a certain extent, new organizational architecture to put the right people with the right skills in the right places to better serve our customers and result in a permanent improvement to the Public Buildings Service human capital environment and our ability to perform.

Thank you for your interest in our efforts to improve performance. I am happy, of course, to answer whatever questions you may have.

Mr. LATOURETTE. Thank you very much, Joe, for being here. Thank you for your testimony. I would again congratulate you and Administrator Perry and everybody at GSA for winning the 2004 Design Award. I thought it was a lovely evening. As I said that night, it is not often that I get into a tuxedo, but it was an honor to do that on behalf of your accomplishment, and you are to be congratulated.

Judge Roth, thank you for being here, and we look forward to

hearing from you.

Judge ROTH. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you today in my capacity as the chairman of the Judicial Conference's Committee on Security and Facilities. Chairman LaTourette and Congresswoman Norton, I look forward to working with you, the other Members of the Subcommittee, and your staffs on this year's authorizations. I also want to express the judiciary's appreciation for the authorizations which the Transportation and Infrastructure Committee provided for courthouse projects last year.

Before explaining the judiciary's fiscal year 2005 courthouse construction request, I would like to update the Subcommittee on two actions recently taken by the judiciary to bring our requests more in line with today's realities. Many Subcommittee members will recall that there was a three-year hiatus in the President's budget request for courthouse funding during fiscal years 1998, 1999, and 2000, and that the President's fiscal year 2004 budget request did not include any funding for courthouse construction projects. This Committee and the Senate Committee on Environment and Public Works provided great assistance to the judiciary by continuing to authorize courthouse projects. We have been, and always will be, grateful for that support. Nonetheless, over the years a significant backlog of projects was created that caused delays in the courthouse construction program.

This backlog, in effect, has meant that unfunded courthouse projects carry over to subsequent years until they are funded. It has also meant that projects can increase in cost due to delay. The Judicial Conference recognizes that the budgetary constraints within which the Congress must operate have been a major factor. Therefore, in an attempt to manage this backlog, in September 2003 the Judicial Conference voted to freeze the annual five-year courthouse project plan until not more than \$500 million of court-

house projects remain on the first year of the plan.

Following the freeze, we were still left with a list for fiscal year 2005 that numbered 19 projects at a cost of approximately \$1.6 billion. Again, recognizing the budgetary constraints facing both the Congress and the judiciary in fiscal year 2005 and beyond, earlier this year the Judicial Conference decided to revisit its fiscal year 2005 request to determine whether it would be prudent to seek funding for all of these projects. Determining that it was not, in March 2004 the Judicial Conference voted to seek full funding in fiscal year 2005 for only the four projects it had designated as judicial space emergency projects are: Los Angeles, California; El Paso, Texas; San Diego, California; and Las Cruces, New Mexico.

The Conference greatly appreciates the fact that this year the President's budget request includes \$314.385 million for Los Angeles, California; \$63.462 million for El Paso, Texas; and \$3.068 million for San Diego, California, for a total request of \$380.915 million. While we are pleased that the President's request included some funding for these projects, we are asking that the Subcommittee provide the authorizations requested by the judiciary for each

of the four judicial space emergencies.

The judiciary understands that the Subcommittee has received the necessary prospectuses from GSA to use in authorizing three of these four projects. I am hopeful that the Subcommittee will request that GSA provide a fact sheet for Las Cruces, New Mexico, the fourth project, as well so that it may also be considered for authorization.

I would like to describe for you each of the four judicial space emergencies. The first is Los Angeles. Funding for the Los Angeles, California courthouse project is, once again, the number one priority for the judiciary. Last year, the Omnibus Consolidated Appropriations Act for fy 2004 included \$50 million, a portion of the total

funding requested for the Los Angeles project. The President's fiscal year 2005 budget request includes an additional \$314.385 million to complete construction of the new courthouse in Los Angeles. In order for the project to be constructed as currently designed, however, the Subcommittee would need to authorize \$395.5 million in fiscal year 2005.

I understand, from the last time I testified before this Subcommittee, the concerns that you have raised about the Los Angeles project, particularly whether a single building should be authorized for the court. The judiciary also respects and recognizes the Committee's prerogative to authorize what it deems appropriate. We just want you to know that when planning for the Los Angeles project began in the late 1990's, the goal was to consolidate and expand the court's existing split operation into a single building. This has been the judiciary's priority since that time for several reasons.

First, if district court operations remain split between two buildings several blocks away from each other, delays in proceedings and confusion for jurors and the public will continue. Jurors, critical evidence such as money and drugs, and sensitive files have to be escorted through five busy city blocks between the courthouses. Criminal defendants can sometimes appear before both district judges and magistrate judges in the same day. For example, magistrate judges conduct post-arrest arraignments and make initial bail determinations, which are then presented to a district judge for review a short time later. Successive proceedings such as these require the speedy transfer of defendants, attorneys, paperwork, and sometimes evidence between the courtrooms of district judges and magistrate judges. If they are located in different buildings, these proceedings are complicated.

In addition, the U.S. Marshals Service will also have to split its limited resources between two buildings, as will the court security officers, and will be spending more time in the movement of prisoners. This situation could certainly hamper its ability to respond with adequate manpower to an emergency. Other persons, including pretrial services staff, interpreters, family members, and the press, would also move between buildings. Furthermore, the clerk of the court would be required to conduct duplicate operations in

each building, requiring additional staff.

The court believes that the larger facility that consolidates the district court into one building is the optimum solution for now and the least costly in the long run. Whatever the Subcommittee decides, however, it is important that the Los Angeles courthouse project be authorized and funded this year. If this project is delayed further, the judiciary's entire courthouse program will continue to be adversely affected. As I said earlier in this statement, we recognize that it is your prerogative to authorize this project at a level the Committee deems appropriate. We do not want this project to be delayed.

Turning to El Paso, the President's fiscal year 2005 budget request includes \$63.462 million in construction funding for the El Paso, Texas courthouse project. Currently, there is no room remaining in the courthouse to build out any district judge courtrooms; two new district judges who were confirmed in 2003 still do not have permanent chambers and courtrooms. A magistrate judge,

whose courtroom is now being used by one of these new district

judges, has been moved to a makeshift hearing room.

El Paso is adjacent to Juarez, Mexico, one of the largest international border communities in the United States. The existing courthouse is located about six blocks from this border, creating unique and critical security challenges for the court. Heating and air conditioning systems are antiquated and offices on the fifth floor of the current building do not have windows, creating unbearable conditions in summer months when temperatures spike. The inadequate electrical system regularly renders the two elevators in front of the building inoperable. In addition, the only public elevator in the rear of the building is also used to transport prisoners. Because this elevator is small and can only accommodate six prisoners per trip, prisoners waiting for the elevator are held in the public corridor. In addition, the courthouse lacks a sallyport. When prisoners arrive at the courthouse, they are unloaded curbside near the open parking area. Construction for El Paso this year is essential.

The San Diego project is included in the President's budget request at a \$3.068 million level in additional design funding for the project. At the time the judiciary was putting together its revised fiscal year 2005 courthouse project plan priorities, we were hoping that funding could also be made available in fiscal year 2005 for the construction of the San Diego courthouse. The project is ready for construction and the court is in desperate need of additional space. The existing courthouse in San Diego was not designed to permit expansion beyond the original number of courtrooms.

The current facility has several serious security problems. The courthouse lacks a secure sallyport for prisoner transfer and a loading dock is used instead for this purpose. In addition, both Immigration and Customs Enforcement and the U.S. Marshals Service must transport large numbers of prisoners past the public areas like parking lots and elevators. Courtrooms also lack sufficient upto-standard in-custody holding cells, with cells being constructed on

the loading dock to compensate.

Existing space limitations also result in several operational concerns. The district clerk's office, court interpreters, and courtroom deputy clerks, for example, are located in another Federal building, and half of the pro-se law clerk staff is located off-site in a leased building. The jury assembly room is also inadequate and is located in another Federal building. Finally, the court continues to deal with problems with the existing heating and air conditioning system. The space situation in San Diego has become critical.

As for Las Cruces, the President's fiscal year 2005 budget request did not include any funds for the courthouse project in Las Cruces, New Mexico. Having reached full capacity in 1993, the existing facility in Las Cruces has several serious deficiencies. Alterations made in the past to alleviate space issues have caused problems of their own. For example, two courtrooms were built from space originally designed for office use. As a result, the courtrooms contain columns that obstruct the view of the judge and jury.

A permanent resident district judge was recently appointed to Las Cruces. The court also depends on eight rotating judges from the District of New Mexico as well as visiting judges from other districts to handle the large Las Cruces caseload. On average, Las Cruces has two or three visiting judges sitting simultaneously in addition to the three resident magistrate judges. Furthermore, two bankruptcy judges who usually hold proceedings in Las Cruces every four to six weeks are forced to conduct proceedings in a nearby hotel because of lack of facilities in the courthouse.

The Las Cruces building also has several serious security and operational concerns. The U.S. Marshals Service currently does not have adequately sized holding cells to accommodate the average number of prisoners each day, and no holding cells exist next to the courtrooms. The corridors used to transport defendants into court-

rooms are not separate and secure.

Operationally, the building does not contain a grand jury suite due to the conversion of the grand jury space into a magistrate judge's chambers. The building also lacks sufficient public waiting areas, attorney/witness conference rooms, and other areas required to conduct court operations properly, in addition to having an antiquated heating and air conditioning system in need of replacement. For these reasons, the Las Cruces project should also be authorized this year.

In conclusion, the judiciary is asking the Committee to authorize the four courthouse emergency projects. We also support authorization of the courthouse repair and alteration projects included in the

President's budget request for fiscal year 2005.

I thank you for the opportunity to testify today and for the Committee's support of the courthouse program over the years. I am happy to answer any questions you may have regarding the judi-

ciary's facilities requirements for fiscal year 2005.

Mr. LATOURETTE. Judge Roth, thank you very much for that fine testimony. I would hope you would extend the thanks of the Subcommittee to the Judicial Conference for its diligence in attempting to work within the constraints that we all find ourselves in, and I appreciate it.

I have received a number of letters from our colleagues in support of different projects around the country and would ask unanimous consent to enter those into the hearing record. Without objections

tion, so ordered.

Mr. Moravec, let me start with you since we ended with Judge Roth and courthouse construction. The Subcommittee over the last several years has noticed a dramatic increase in the number of costly changes that are occurring at courthouse construction projects around the country. My question would be—well, two questions. One is, what is your assessment as to what is driving the changes? And, two, what is GSA doing about it?

Mr. MORAVEC. Well, a lot of the cost increases have been related to the actual increase of the scope of the projects. There has always been some scope creep in the two-plus years that typically exist between the site and design prospectus authorization and construction authorization, and the courts are, in general, growing, which,

of course, is why we are building new courts.

Historically, I have to say that we have under-estimated the needs of non-court functions—office space functions like clerk, probation, pretrial, U.S. Marshals, U.S. attorneys who are often located in courthouses. In addition, I think this backlog has led the

Judicial Conference to be conservative in projecting their future needs. And so that when they have an opportunity, they are going to be trying to fully express those needs in terms of the program.

The courts used to assume about 84 percent staffing levels in terms of the office space in these buildings. The last few years they have been assuming 100 percent staffing to give a little bit more flexibility. And in the last year, we have begun to ask for designs to meet the needs of courts projected ten years from occupancy, not as in the past from the design start.

So those are some of the factors that are contributing to the increased costs of courthouses.

What we are doing now today to address those issues is we are being more diligent about getting signed occupancy agreements at the start of the design process to really nail down what the program is. We are doing programming of needs earlier during the feasibility studies, even before we have hired an architect, to get an idea of what the needs will be longer term. And we are getting, frankly, more accurate program input from non-court function occupants. We are now going directly to the other members of the court's family to try to ascertain more specifically what their projected needs will be. And, actually, we are also being more conservative. We are requesting revised authorization from Congress for smaller space increases than in the past. We have really tried to be more transparent about that. So I think that has probably added to the perception that the scope creep is upon us.

With regard to something I know is of interest to the Subcommittee; that is, our policy of now designing courthouses to specifications that are projected ten years from occupancy as opposed to ten years from design start. In the 1990's we used to design to requirements ten years from design start and when you added in the design and the construction time, which typically consumed about five years, when the courts were actually being completed they had, in effect, only about five years of growth built-in, which was getting a little short. So last year, we agreed with the courts to design to meet requirements ten years from projected occupancy, which, in effect, is fifteen years from design start. We have designated four courts—San Antonio, Greenville, Toledo, and Charlotte—to take that approach with. We think it is probably a good policy because it provides for future growth and we think ultimately reduces the cost to the taxpayer. If you could get it all at once, that is a good way to get it.

In the larger sense, with regard to controlling the costs of our major capital construction projects, we are doing a lot of things. That is really a major emphasis of the Administration. These are very complicated projects and we are trying to get a lot from them in terms of aesthetics and functionality and security, sustainability. These are by nature expensive buildings and complicated buildings to build. And we also have to address just the inherent inflexibility in the appropriations and procurement process which make it even more challenging.

But we have undertaken a number of steps to improve in this area under a program we call Construction Excellence, which is the companion program to Design Excellence. In general, we are improving the sharing of market and project information through a

variety of different means. We are encouraging professional training and development of our project management core. We are applying stricter checks and balances in estimating and administering project budgets and schedules. We are trying out new procurement vehicles such as design-build and design-build-bridging. We are continuing a program that has worked very well for us, aggressive peer reviews of construction by industry experts during the course of construction at the 30, 60, and 90 percent completion marks. And we reward high performance in terms of bringing projects in on time, on budget, both in terms of our major metrics measuring our business effectiveness, and also in terms of our incentive programs to project managers.

Specifically, this year we have actually increased our efforts in all of those regards. We are producing a comprehensive project management manual for use by all of our project managers across the country; we are insisting on greater consistency and adherence to national standards, we are putting a little bit more oversight emphasis from the national office on these projects; we are encouraging the use of exciting new technologies, what is called object modeling technology, 3-D, 4-D computer-aided design of projects, so we can virtually build a building and determine its constructability before we even begin to design it for bid, which I think is going to

help a lot.

And the national office has definitely stepped up its involvement in project preparedness and, in general, in the oversight in terms of how our major projects are being staffed. We are also requiring a higher level of authorization for mid-project changes in scope of construction. We are going to ask for a little bit more emphasis on that. And we are requiring independent Government cost estimates throughout the process and now earlier than ever. We are now asking for independent cost estimates of a project even during the concept development before we actually get to the point where we are beginning to actually produce design drawing. And we are updating our benchmarks. In some cases our benchmarking system of trying to estimate costs have been somewhat inflexible and out of synch with market conditions. So we are doing all of those things.

Right now, I would say that the biggest challenge that we have with regard to our efforts in this area are the fairly sudden increases in commodity construction material costs across the board. It began in the steel market and has moved over to now involve concrete, petroleum-based products, and other metals and wood. There has been a sharp increase in the first half of this year in all of the materials that we need to construct these buildings and that is another challenge that we are now beginning to deal with.

Mr. LATOURETTE. A couple of things you mentioned in your answer, and the last one I will start with. We have gotten a lot of inquiries about the Census Building and the dispute relative to steel costs with the contractor. Last week, we had an appropriations bill on the floor and the poor Census Bureau kept taking it in the chops with every amendment that was offered. But can you bring us up to date with here you are with the contractor out in Suitland?

Mr. Moravec. Well, that is a design-build project, where, in effect, the contractor has guaranteed a maximum price and is at-risk

in that regard. We take that commitment very seriously and we are examining with the subcontractor ways of mitigating the ultimate impact of that on him. But, at the end of the day, I think we are taking a pretty hard line on that. That is what construction contingencies are for and, as we say, we continue to discuss with them ways of mitigating the impact. But at present, our position is that a deal is a deal.

Mr. LATOURETTE. OK. The other thing you mentioned was security. I can remember when Bob Franks from New Jersey was the Chairman of this subcommittee after the destruction of the Murrah Building in Oklahoma City. Security of the Federal workforce is something that is pretty important to this Subcommittee and I know to GSA. Can you discuss for us, as you get into your design phases, what new technologies GSA is looking for relative to biometrics or the exclusion of biological or chemical agents from enter-

ing our Federal workplace.

Mr. Moravec. With the creation of the new Department of Homeland Security, the responsibility and authority for acquiring and maintaining security equipment as opposed to security fixtures, elements that are actually built in to a building, now rests with the Department of Homeland Security. So that has become their principal responsibility. We share with them that responsibility and, in terms of designing buildings, that is ever foremost in our minds, the security of Federal workers and the millions of Americans who visit these buildings everyday to conduct business with the Government.

Ever since Oklahoma City, we have been incorporating a number of countermeasures in the design of these buildings to defend, specifically, against the threat of a car bomb, including increasing stand-off distances from the curb, placing hopefully unobtrusive obstructions to vehicular access to a building. We have designed buildings against progressive collapse so that in the event of an explosion the building does not pancake. We are hardening curtained walls using ballistic glass in certain places. So we have done all of those things.

Since 9–11, we have expanded the scope of threats, if you will, that we are now defending against to include chem-bio, in particular. We are experimenting with a variety of different technologies that can detect the presence of toxins in a building's water and air supply and can effect immediate remedial action. So that would be one area. But with regard to the equipment that scans visitors to buildings, that is now under the authority of the Department of Homeland Security with regard to magnetometers and x-ray machines. So I would suggest that you direct your inquiry to them.

Mr. LATOURETTE. Thank you. Let me just ask you about a couple of projects, and then I just have one question for Judge Roth. Something that the Ranking Member of the Subcommittee should be extremely proud of was her legislation that authorized the Southeast Federal Center. How is the Southeast Federal Center coming along? I remember at the selection of the contractor, I think she expected them to have shovel and dirt by sometime soon. So I want to keep them out of trouble. How are we doing down there?

Mr. MORAVEC. My understanding is that the discussions as to actually taking the outline of our agreement and converting it into

an actual enforceable legal document are proceeding well. I have heard of no glitches or possible areas of concern.

Mr. LATOURETTE. OK. And then also, I was visited last week, and I assume the Ranking Member, maybe other Members of the Subcommittee, by the National Health Museum folks. Have they

made their way up to you yet?

Mr. MORAVEC. Well, they have. We have been working on and off with the National Health Museum folks for the last several years attempting to help them in their search for a site. There is a discussion going on right now with regard to a site that has some promise. It is of great interest to them and it is of possible interest to us. I think it is going to require special legislation because it would involve us employing authorities which we do not now have by law.

Mr. LATOURETTE, Right, When they brought their model up, not only was the museum constructed supposedly on the site, but also their plans called for the construction of an office building that they would make available for lease by the Federal Government

through GSA. Is that something that GSA is interested in?

Mr. Moravec. It is.

Mr. LATOURETTE. OK. And has some thought be given to what would happen to the displaced Agriculture Department people? Is that not the building that they are talking about now taking down? There are some folks that work for the Department of Agriculture.

Mr. MORAVEC. Indeed, we would have to accommodate for that

displacement.

Mr. LATOURETTE. OK. Thank you very much.

Judge Roth, the only question I have for you, and I thank you again for your cooperation and for the Judicial Conference's cooperation, but I have in my notes that the San Diego project, in particular, appears to have been planned for thirty year needs rather than ten. I would ask you two things. One, if that is right? And then, two, why?

Judge ROTH. Let me say that the building itself is built for thirty years of expansion. However, the courts, upon initial occupancy of the building, will only use a portion of the building and the remaining space that is available for a thirty year building will be used by other Federal agencies, including I believe the U.S. Attorney, the Social Security Administration, and the IRS. That space will have the potential in later years to be fitted out as courtrooms, but its initial use will be used for general Federal agency occupancy.

Mr. LATOURETTE. And then just briefly on the Los Angeles project, because I know that is a great concern not only to the Judicial Conference, but I have had a number of Members who represent the Los Angeles area talk to me about the project over the course of years and this whole business about split buildings versus one building, which you so well testified to. What I have been told at least is when they have done the comparison between the additional cost of putting everybody in one building versus continuing to have the two, that there is many millions of dollars. For instance, you talked about the Marshals Service and the extra cost of splitting. I understand, having been a prosecutor in a former life, I understand what you said about prisoners and jurors, and evidence and drugs, and things like that. But just from a cost standpoint, not a convenience standpoint or a juror going to the wrong building, am I right in that the split concept comes out about \$40 million cheaper I think, based upon some studies that have been

done by the Marshals Service. Is that right or wrong?

Judge ROTH. I think that in the construction cost, there is a difference. I am not sure exactly what it is. But I think in evaluating the project, there are other costs, operational costs and human costs which we feel weigh very heavily in favor of having all operations of the court in one building.

Mr. LATOURETTE. Thank you very much.

Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman, and I thank both of you for your testimony. I remember last year when somehow this Committee was supposed to authorize a courthouse in L.A. and yet the Administration had sent up no authorized amount. This put us in a very strong position since, at least in my memory, this Committee has never taken unto itself to authorize spending for a courthouse without the Administration sending up and amount. There had been amounts sent up by various Administrations. It looks like we finally have one. I asked the staff to get that figure for me and she turned it out to be \$314.385 million and then you add to that the \$50 million authorized last year up to \$364 million.

I noted in my opening statement that the concerns have risen to such a level, however, that an audit had been requested by the Senate because this courthouse had become a fable and unto itself. The fact that there is an audit going on, despite the fact that the two Senators from California have pressed hard for this courthouse, says just how messed up, if you will forgive me, has been the L.A. courthouse. And I could not agree with you more, that it is one of those projects we would most like to see get on the road

and get done.

I want to ask you, however, about the requirement in the Committee resolution for a courtroom sharing plan for the L.A. courthouse and would like to know about that plan. For example, we noted that there are courtrooms provided, you have provided, L.A. has provided courtrooms for senior judges for longer than ten years. That, of course, is inconsistent with the AOC guidelines. So it looks like what use to be rare is becoming a norm. I would like to hear you discuss the courtroom sharing plan for the Los Angeles courthouse. Perhaps Judge Roth could do that.

Judge ROTH. Certainly. I believe that the total number of court-rooms for use by senior judges in the plan is eight.

Ms. NORTON. Excuse me. Say that again.

Judge ROTH. The total of number of courtrooms provided presently in the plan for senior judges is eight. I believe that there are presently ten senior judges in the Los Angeles District Court. There are only eight courtrooms provided in the new building for them. So there will, per se, be courtroom sharing from the outset for senior judges.

Ms. NORTON. Is there courtroom sharing for any other judges? Judge ROTH. There is not courtroom sharing. I believe that there are adequate courtrooms at the present time for active judges. It is the policy of the Judicial Conference that every active judge have a courtroom available because the time conflicts and the space con-

flicts that are created if there is not a courtroom available for an active judge are so complicating to the operation of the court that it is the position of the Judicial Conference that every active judge should have access to a courtroom.

Ms. NORTON. If my institutional memory serves me, going back to 1992 or 1993, I cannot put my finger on which of those years, this Subcommittee had a GAO report done, it had gotten to that point about courthouses, and the GAO found that it was impossible to project beyond ten years and tie that to budget. They said beyond ten you enter pure speculation. And, of course, when it comes to courthouses, that is pretty expensive speculation. I note, Judge Roth, that GSA has requested a change in planning and budgeting to build from ten years from occupancy, we have spoken about this, not from when the time design was scheduled to start. I wonder if you could supply the Committee with a list of those courthouses that were undersized for initial occupancy between 1999 and 2004.

Judge ROTH. We would be happy to work with GSA and provide that information to you.

Ms. NORTON. That would help us a great deal.

At the same time perhaps, Mr. Moravec, you could provide us with some information that would be helpful, because you appear to have changed, apparently at the request of AOC, the GSA appears to have changed the practice that it was using for determining space requirements. In that regard, it would be helpful it seems to me for us to know, and let us take the years 1995 to 2005, that ten year period, the location of each new courthouse, the number of courtrooms in each new courthouse, the number of projected judges at the time of design, and the actual judges on board when the building was, in fact, opened. This is a way of you look forward and you look back and you have some sense of whether you are doing it in the right way.

[A spreadsheet on the U.S. Courthouse Construction Program containing the requested information follows:]

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U.S. Courthouse Construction Program
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9/9/04Judges at Occupancy 9-3-04GSA.xls

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U.S. Courthouse Construction Program Number of District (D), Magistrate (M), and/or Bankcuptry(B) Courtrooms and Resident D, M, and/or B Judges Ms. NORTON. Now my understanding, Mr. Moravec, is that you are using industry benchmarks. But when I heard you just a few minutes ago, you acted as though benchmarks can change and that you wanted them to be more flexible. I would like to know if you are using the same benchmark model for Federal construction that, for example, you were using five years ago. And what is this need to change the model if, in fact, the model is taken from industry's

best practices?

Mr. Moravec. We are using the same model based on industry best practice as we were using five years ago. What we are looking at is the cost of labor, in particular, and the availability of labor. What we have discovered is that whereas the benchmarks have served us we think generally very well, in certain conditions, particularly in courthouses that are in smaller cities or in remote areas, the benchmarks do not take into account the lack of availability of certain skilled trades. And so where we have had some issues and some challenges have been in accounting for the higher cost of labor in markets where the kind of trades we need just were not available. So the benchmarks—

Ms. NORTON. Does not industry have that same problem in building in places of the kind you are discussing?

Mr. MORAVEC. I presume they do.

Ms. NORTON. Do you mean that industry benchmarks do not take that into account?

Mr. MORAVEC. Apparently, they do not to the degree that we

think they should.

Ms. NORTON. It sounds pretty ad hoc to me, Mr. Moravec. I understand what you mean about the differences in the cost of labor. God knows, if labor has to be shipped in, I know that is very different. But are you saying that alone, that labor cost alone accounts for the flexibility you need in benchmarks?

Mr. Moravec. That is certainly the most significant factor, yes. Ms. Norton. I want to ask you about the border station program. I cannot tell from your testimony whether you are building border stations in the way that you are apparently building courthouses, on the basis of some plan, like a five year plan or a ten year plan or whatever. I understand why you are pressing this program. I am on the Homeland Security Committee and this is a program, that was mentioned, by the way, in Mr. Oberstar's statement, that is of some significance and importance. But apparently, there has been a significant reduction in the funding of this program. So it is hard for us to gauge how many stations, without some kind of five year plan or other such plan, how many stations are to be built, in what timeframe, over what budget. Is it just growing like top seed, or how is this being done?

Mr. Moravec. First, as you point out, the building of border stations, particularly on the northern border, and the upgrading of border stations is a very, very high priority given the current state of world affairs. Our goal is to deliver practical, functional border stations that are sized to manage traffic flows and to deploy the

new technologies which are now being made available.

Since 1997, we have engaged with an organization called the Border Station Partnership Council which is comprised of Federal inspection agencies—Customs, INS, Animal, Plant and Health In-

spection, FDA, Federal Highway—and that has acted as a forum and a facilitator for planning and development of border stations. The challenge right now is that, with the creation of the new Department of Homeland Security, a number of those—Customs, INS, and the Animal, Plant, and Health Inspections Services—are now part of the new Department. And so the role of the Border Station

Partnership Council is in the process of evolving.

But the approach we think works well and we will continue it. It actually emulates the program that we developed with the court system. It includes a long-range plan of prioritizing border stations five years in advance of when we expect to seek authorization. A design guide, very much along the lines of the court design guide, has been created for border stations to establish the quantity and quality standards that we are looking for in border station construction. Benchmarks for costs for new border station construction and infrastructure have been established. So all of those things are working pretty well.

What is happening now is that the Customs and Border Protection agency within the Department of Homeland Security is now reviewing the work that has been done by the Border Station Partnership Council. And so it will obviously be really leading the dis-

cussion in the future.

Ms. NORTON. Who are the participants on this Council?

Mr. MORAVEC. The Department of Homeland Security, Food and Drug Administration, the Federal Highway Administration, and GSA.

Ms. NORTON. That is the first we have heard of this document. When do you expect it to be ready for, for example, submission to the Chairman of the Committee?

Mr. MORAVEC. Oh, well, the Border Station Partnership Council

five year plan is available.

Ms. NORTON. Could I ask that it be submitted to the Chairman. Mr. MORAVEC. Absolutely. Certainly. With the proviso that it is under review by the Border and Protection people.

[The information received follows:]

The Prioritization Methodology and Program Overview for the Border Station Long-Range Plan is being finalized by the Department of Homeland Security (DHS). Please note that the evaluation factors weighting can be adjusted, and may be adjusted in the final released plan. Although GSA has been a partner in the development of the plan, it will be presented by DHS. The full report may be found in the subcommittee's files.

Ms. NORTON. But it is gratifying to know that such a plan exists and we would appreciate receiving a copy, of course bearing in mind precisely what you have said about the review process.

I do want to mention a subject that I was not going to ask you any questions about, and do not intend to ask you questions about, because you are to be recused from it, and it has to do with the National Broker Contract. I was surprised to hear you even mention its name because of your recusal, but you did not say anything further, so you are forgiven. In any case, I do want you to know that the Chairman and I both have a very special interest. That is a major development and I understand that there is going to be a hearing all on its own on the National Broker Contract. So, I have nothing further to say about that.

I only have a couple more questions. Let me just thank GSA for the work it did, and you and I have worked closely together, on the Homeland Security Department. The Homeland Security Department has now found its permanent home here. Congress was sufficiently concerned that everybody understand that there was going to be a permanent home and this was not just some ad hoc agency, that it was actually included I guess in the Defense authorization bill. And while we had some differences with having it done that

way, nevertheless, it all came out in the wash.

I had to note at the time that while I am elated that the question of where the Department will be located was settled, and I appreciate that it was the judgement of GSA that it should be right there in the District of Columbia, and there were good, substantive reasons for that, and you put it in a place which is already secure, you are saving the Government a lot of money, and there is always the option if they outgrow that for GSA to do what it always does so well, and that is just to find them another place, but it does not look like that is going to happen in the foreseeable future. The only concern I had was that this Committee had asked for, and we understood you were preparing, a housing plan. We have received no short-term housing plan, we have received no long-term housing plan. And yet there is an agency apparently in the making who, I am sure as soon as they possibly can do so, are going to be constructing, they are going to be moving people in there. And I need to ask you about a housing plan for the short-term and a housing plan for the long-term.

Mr. MORAVEC. As you so aptly put it, for the foreseeable future the Nebraska Avenue complex will be the headquarters of the Department of Homeland Security. In the short-term, we do have a plan, as you know, to relocate elements of the Navy that are now there and to replace them with elements of the new Department

of Homeland Security. So for the next few years—

Ms. NORTON. That is an eviction. That is not a housing plan.

Mr. Moravec. Well, it is an eviction for the Navy. For the Department of Homeland Security, they plan to ultimately occupy about 423,000 square feet, most of the existing facility. They plan I think to ultimately house 1,600 people at that location. So, as far as we can see, and, as you pointed out earlier, it is hard to see too far in the future, this will be their home. As you also mentioned, GSA is working on a strategic housing study, a more comprehensive study that will assess all of the facilities and expected requirements of the new Department of Homeland Security, provide an analysis and recommendations for types of facilities needed for the long-term housing solution, the really long-term housing solution, in the metropolitan D.C. area. The study will include all of the Department of Homeland Security entities and functions in the area presently and we will make recommendations based on a complete analysis of all of their current sites and conditions, and future needs, and costs, and security requirements. So that is in the works and we will certainly provide that to you when it is completed.

Ms. NORTON. So let me understand. That is those who will be at headquarters, which is a fairly small number, and those who are

in the region in various other locations?

Mr. MORAVEC. Right. We are looking at all of the needs of the Department of Homeland Security in the metro Washington area.

Ms. NORTON. You have been working on that for a long time, as I understand it. When do you propose to have that long-term housing plan finished?

Mr. MORAVEC. We really need that from the Department of Homeland Security. So I will have to get that date for you.

Ms. NORTON. I wish you would provide the Chairman with that date.

[The information received follows:]

DHS's long-term housing plan will be finished by early fall of this year.

Ms. NORTON. Finally, the Chairman asked you about the Southeast Federal Center, that he and I both have a strong interest in. I was pleased at how that is going. If there are difficulties that arise, I wish you would let us know because that is a project of considerable interest to us. We do not want any slow down in it. And if that slow down comes at all from the District of Columbia, particularly let me know about that, because they have greeted and lauded this project and the last thing we need are delays that cost the Government money or cost any of the developers who are going to be there money.

Let me ask you about the Department of Transportation, which is a project underway on that Southeast Federal Center site as well. Where are we now? When it is projected to be completed? If there are any glitches that should be noted?

Mr. Moravec. I am pleased to report that that massive project

is proceeding apace.

Ms. NORTON. On time?

Mr. Moravec. On time, on budget. We are very happy with the progress that is being made there. We anticipate that the substantial completion will occur in the fourth calendar quarter of the year 2006. Hopefully, we can get the Department of Transportation in

occupancy before the close of that year.

Ms. Norton. Finally, I appreciate the response that you wrote to my letter of April 28, you responded in May, concerning an inquiry I had had from businesses, community leaders, churches in the 10th and H Street area where you are doing a steam tunnel replacement. What drew them to call me was not only how long it had taken to do the work, but another GSA project had bothered the community, and that was another steam tunnel, where two workers were injured in the 700 block of 17th Street, N.W. And so this community began to wonder whether it was also at-risk. Also, it has been interminable. Every time I go to that part of the District, 10th and H Street, and that could not be more central, there is "10th Street closed." It looks almost like a permanent landmark there. So I would like to ask you the status of that project and for an update on how far we are from completion of that steam tunnel project.

Mr. MORAVEC. I think we will have to get back to you with that answer for the record.

[The information received follows:]

The steam tunnel work at 10th and H Street will be complete by the end of fiscal year 2004.

Ms. NORTON. I very much appreciate your getting it to me. If I can just assure the community of business leaders, churches, mostly non-residents, that this inconvenience to business, it is very considerable, does have an end, that there is light at the end of the tunnel. I think that is all we need to do is to give them an approximate date when we think it will be all over. I thank you for your indulgence, Mr. Chairman.

Mr. LATOURETTE. I thank the gentlelady.

Mr. Davis?

Mr. DAVIS. I will be very brief. When a contractor, probably perhaps more than one, bids on a particular project, a Federal building, the competitive bids, when they bid on that you have certain contingencies in case something comes up during the construction process that may require a change. It may be something in the site plan that was not made available, geological surveys may not have discovered certain circumstances that could create more costs, and so, obviously, the contingencies are used to pay the additional cost. In the testimony, in the conversation I am hearing, there seems to be an inference that perhaps because material goes up or labor goes up during construction that you actually change the contract to allow for that. Am I hearing that correctly?

Mr. MORAVEC. It depends on the nature of the contract. In some contracts there is a provision for what is called equitable relief for the contractor and under certain circumstances we can make ad-

justments.

Mr. DAVIS. What timeframe are we talking about, one to five years during the construction, or one to three years?

Mr. MORAVEC. You mean in terms of the—

Mr. Davis. I am talking about—let us take, for instance, if we are ever lucky enough to get one in Nashville, are we talking in terms of it being, what, a two year contract?

Mr. Moravec. Well, it would be a contract that would typically

Mr. MORAVEC. Well, it would be a contract that would typically extend for two or three years. That is the typical construction cycle.

Mr. DAVIS. It is usually completed in that length of time?

Mr. MORAVEC. Yes.

Mr. DAVIS. And you are saying that perhaps in that two or three year period of time a contractor may be engaged with much higher prices for labor and material?

Mr. MORAVEC. It certainly can happen. These swings in the costs of labor and materials can be sudden and dramatic.

Mr. DAVIS. I do not do construction work nor do I own a construction company. I never had that privilege. If the cost went up, I just ate it.

[Laughter.]

Mr. DAVIS. I am wondering if we are, and I guess I am getting off the issue here, but I am wondering if we are setting in place, or have set in place, safety valves and procedures to protect the huge contractor and not the little guy, like a subcontractor, for instance, that may be doing sub work. Does this encompass everyone?

Mr. MORAVEC. It does. I would like to think that our procurement and contract management process is open and fair and equitable to all of the participants. Mr. DAVIS. Since I mentioned the one in Nashville, how quick do

you think that will start?

Mr. MORAVEC. It is certainly in the next round in terms of we are assembling the site and beginning the early design work. But I would hesitate to say, given the current condition of the Federal budget, as to when that will actually break ground. But it will be some years hence.

Mr. DAVIS. Thanks. Are we talking about maybe two years?

Mr. Moravec. I could not speculate.
Mr. LaTourette. Thank you, Mr. Davis.
Again, if each of you could supply the things that the distinguished Ranking Member was asking about, we will make those

part of the record.

I want to thank you both for your testimony and answering our questions. It is one of our favorite hearings and you both always do an excellent job on behalf of the entities you represent. I thank you for your patience.

If there is nothing further, the Subcommittee stands adjourned. [Whereupon, at 11:20 a.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

STATEMENT OF F. JOSEPH MORAVEC COMMISSIONER PUBLIC BUILDINGS SERVICE U.S. GENERAL SERVICES ADMINISTRATION BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE UNITED STATES HOUSE OF REPRESENTATIVES

JULY 9, 2003



Good morning, Mr. Chairman and Members of the Subcommittee. My name is F. Joseph Moravec and I am the Commissioner of the Public Buildings Service, U.S. General Services Administration (GSA). Thank you for inviting me here today to discuss the General Services Administration's fiscal year 2004 Capital Investment and Leasing Program. It is a pleasure to appear again before the Subcommittee.

The PBS mission is to deliver a superior workplace to the Federal worker and at the same time superior value to the American taxpayer. Our Capital Investment and Leasing Program plays a key role in providing the necessary resources to maintain current real property assets and acquire new or replacement assets.

The capital program supports several portfolio objectives:

- · Optimize the value of our portfolio of owned assets;
- Maximize Federal Buildings Fund (FBF) income by enhancing current asset productivity through needed reinvestment and by acquiring new assets to meet emerging long-term Federal requirements;
- Reduce the drain on FBF income by redeploying assets that are not financially self-sustaining and/or for which there is not a substantial, long-term Federal purpose;
- Ensure the continued functionality of our buildings and safeguard the health and life-safety of their occupants; and
- Provide quality workspace in support of the mission-related goals of tenant Federal agencies.

We evaluate proposed capital projects in the context of the entire national portfolio. We consider three options to meet our client agency requirements: construction and acquisition of new facilities; repair and alteration of existing facilities; or leasing space from the private sector.

Funding Repairs and Alterations (R&A) continues to be the top priority for the Federal Buildings Fund. To allocate the resources of the Fund for R&A projects, PBS benchmarks its capital reinvestment level in a manner similar to that used by large real estate firms in the private sector. The following elements comprise our portfolio strategy for restructuring and reinvesting in the owned inventory:

- Assessing the financial performance of the portfolio, building by building, and stratifying these assets into three tiers: performing, under-performing, and non-performing;
- Directing capital resources primarily toward performing assets with a workout or disposal strategy for under- and non-performing assets;
- Allocating capital resources consistent with asset investment priorities based on our client agencies' missions and service satisfaction levels, our socio-economic responsibilities to communities, historic preservation laws, build green initiatives, procurement preference, issues concerning health and life-safety.

We are requesting \$1.013 billion for R&A to maintain and improve those properties that are in GSA's inventory for which there is a continuing Federal need and which are capable of being economically self-sufficient.

The highlights of GSA's fiscal year 2004 Repair and Alterations Program include:

- · \$365 million for the Basic Program;
- \$583 million for prospectus-level limited scope projects (\$68 million is for life and fire safety features);
- \$5 million for the chlorofluorocarbons (CFC) program;
- \$5 million for the Energy program;
- \$20 million for the Glass Fragmentation program; and
- \$35 million for the Design program.

The proposed Repairs and Alterations Program is the largest such program in recent history. The facilities in our portfolio have a replacement value of about \$35 billion. The FY 2004 request is a major step toward addressing the inventory of repairs and alterations needs that has been verified by the General Accounting Office in its March 30, 2000, report "Federal Buildings: Billions Are Needed for Repairs and Alterations." GSA customers, the real estate industry, and civic groups already recognize GSA for its cost-effective modernization projects in older and legacy buildings. However, these same groups also cite the agency's inability to adequately maintain the overall GSA portfolio. Many of these buildings are physically deteriorated, have ineffective or inadequate mechanical systems, and are outdated to the point of being functionally obsolete. GAO's report noted

that, without increased levels of funding, the continued degradation would result in an irreversible loss of real estate assets and a grave national liability in providing adequate workspace for the Federal workforce. However, GAO also noted that, with proper maintenance and repair, the deterioration of these national assets could be reversed and the needs of agencies and the public could be met safely and efficiently.

GSA does a commendable job of rehabilitating existing buildings. When these buildings are renewed, they provide:

- · A better class of workspace for Federal employees;
- · A safer and more healthful work environment;
- · Increased energy efficiency;
- · Greater access for the handicapped;
- · Additional rentable workspace through realignment or addition; and
- . A positive return on the public investment.

Our budget request is based on a strategy designed to ensure the most efficient use of capital resources. Rather than treating all assets with identified deficiencies as having an equal claim to reinvestment, we will focus reinvestment dollars on those properties that are financially self-sustaining and for which there is a long-term Federal need. We will cull the portfolio of those properties no longer needed and which are unable to

generate income sufficient to meet their operating expenses and capital reinvestment needs.

We are also requesting a significant Construction and Acquisition of Facilities program of \$401 million. New construction is recommended where it will meet the new housing needs of a specific Federal agency or where it will consolidate several dispersed agencies with economically feasible long-term needs in a given locality. PBS traditionally pursues a construction and ownership solution for special purpose and unique facilities (such as border stations and courthouses), which are not readily available in the real estate market. Our construction request includes funding for site acquisition, design, construction, and the management and inspection costs of these Federal facilities.

The highlights of GSA's fiscal year 2004 Program include:

- \$186 million for eight Border Station projects;
- \$146 million for construction of a new second building for the Department of Commerce, Bureau of the Census, to be located at the Suitland Federal Center in Maryland;
- \$58 million for construction of a new facility for the Federal Bureau of Investigation in Houston, TX; and
- \$10 million for non-prospectus projects.

This year we have submitted 12 lease prospectuses for your consideration. As you know, lease prospectuses are not tied to GSA's budget request for line item funding of individual projects. Leasing requirements emerge on a continuing basis throughout the year, and many reflect critical changes in tenant agency missions that cannot be deferred for future year consideration. Although, we attempt to provide the subcommittee with as many of these requirements as possible for consideration along with the capital program, we do expect to submit some additional lease prospectuses in the coming months.

The highlights of the program include proposed leasing actions in the following geographical areas: Washington, DC (3): Suburban Maryland (4); Las Vegas, NV (1); and Northern Virginia (4). Except for three proposals, these prospectuses request authorization to proceed with 10 year space leases through competitive procurements.

As you know, we are also asking Congress for new tools to improve asset management. Last year, the Administration developed a legislative proposal to amend the Federal Property and Administrative Services Act of 1949 in order to enhance and modernize asset management government wide. Mr. Chairman, I commend the efforts of this Committee in recently introducing and reporting out its own property reform measure, H.R. 2573. While GSA is still studying the bill, I would like to commend you for your

leadership and for this Committee's continued efforts to enhance GSA's portfolio management authorities. Broader provisions included in the Administration's bill, however, provide a total asset management approach to real and personal property issues that we believe are very important. Specifically, these provisions would:

- · Introduce life-cycle planning and management;
- · Authorize agencies to sub-lease, out-lease, exchange and sale of capital assets;
- · Allow agencies to keep some portion of the proceeds from sales of surplus real and personal property; and
- · Streamline asset management.

Our hope is that Congress will be able to consider and pass more comprehensive property reform legislation during the current session, and I pledge our cooperation to work with the Congress to achieve that goal.

Mr. Chairman, this concludes my formal statement. I would be glad to answer any questions that you or Members of the Subcommittee may have about our proposed fiscal year 2004 Capital Investment and Leasing Program, or any other aspects of the public buildings program.

JUDICIAL CONFERENCE OF THE UNITED STATES

STATEMENT OF

JUDGE JANE R. ROTH U.S. COURT OF APPEALS FOR THE THIRD CIRCUIT

BEFORE

THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE FY 2004 COURTHOUSE CONSTRUCTION PLAN

JULY 9, 2003

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you today in my capacity as the chairman of the Judicial Conference's Committee on Security and Facilities. Chairman LaTourette and Congresswoman Norton, I look forward to working with you, the other members of the Subcommittee, and your staffs in the future.

The judiciary greatly appreciates the authorizations the subcommittee provided for courthouse projects last year. This year, the judiciary is seeking authorization for 18 courthouse construction projects and 12 repair and alteration projects. The judiciary understands that the subcommittee has received the necessary fact sheets and prospectuses from the General Services Administration (GSA) to use in authorizing these projects.

FY 2004 Courthouse Program

Many committee members will recall that there was a three-year hiatus in the President's budget request for courthouse funding during fiscal years 1998, 1999, and 2000. With the assistance provided by this committee and the Senate Committee on Environment and Public Works by continuing to authorize courthouse projects, the President's budget request for the last three years resumed funding the courthouse construction program. We were very disappointed, therefore, that the President's FY 2004 budget request did not include any funding for courthouse construction projects. Faced with this development, the judiciary has determined it necessary to submit a courthouse construction budget request directly to Congress and has asked the Appropriations Committee that GSA receive any fiscal year 2004 appropriation approved for courthouses.

 $\label{thm:court-related} The \ President's \ budget \ does include \ \$257.4 \ million \ for \ 11 \ court-related \ repair \ and \ alteration \ projects.$

The Judicial Conference also supports providing a federal office building to house federal agencies in Atlanta, Georgia, including the court of appeals staff. In addition, the judiciary requests that the subcommittee act on the urgently needed repair and alteration project for the historic Thurgood Marshall United States Courthouse in New York, New York.

A copy of the FY 2004 courthouse projects from the judiciary's five-year plan is attached for your information. Also attached are two charts that identify the specific authorizations required for courthouse construction projects and repair and alteration projects in FY 2004.

Courthouses and Terrorism

The federal government's war on terrorism has impacted the courts in two ways: it has increased the judiciary's workload and it necessitates more secure facilities. With the creation of the Department of Homeland Security and the resultant increase in attention and funding provided to securing our borders, the judiciary is busier than ever with immigration cases, especially along the southwest border. Congress provided some funds after September 11, 2001, for the judiciary to enhance its security, but the security of some courthouses is so inadequate that it can only be remedied by replacement of the facility.

In these troubled times when courthouses are such visible targets for terrorists, ensuring the security of courthouses is more important than ever. Everyone is aware that New York City and

Alexandria, Virginia have been home to terrorist cases with potentially dangerous proceedings. However, many other districts such as those in Michigan (Eastern), North Carolina (Western), Florida (Southern), Illinois (Northern), New York (Northern), New York (Western), Texas (Northern), Oregon and Massachusetts have also been involved in terrorist cases. There is no telling where or when the next terrorist-related might be held. Therefore, security of courthouses all across our country is one of our primary concerns.

Why New Courthouses Are Needed

There are four criteria that the judiciary uses to determine when a new courthouse is needed: the year the old courthouse is out of space, the number of judges impacted, security problems, and operational problems. For a courthouse project to be considered, the district's long-range facility plan must indicate that there is no more room for judges at the existing facility, but more judges are anticipated. Although it can lead to inefficient court operations, court-related units (probation, pretrial services, and the bankruptcy court), as well as Executive Branch agencies, have usually already been moved from the existing building to gain space.

Last year P.L. 107-273 authorized 15 new Article III judgeships effective July 15, 2003. The President has submitted nominations to Congress for all these judgeships and we anticipate the majority will be approved this year. On May 22, 2003, the Senate passed S. 878, which would authorize 36 new bankruptcy and 14 new Article III judgeships. Furthermore, all 57 of the Article III judgeships approved by the Judicial Conference are included in S. 920 which was introduced on April 11, 2003. Some of these authorized and pending new judgeships can be absorbed in the existing space in the courts, but many cannot. The courthouse space planned for many of these judges will not be ready because of funding delays.

Many of the courthouses that the judiciary uses are more than 50 years old and can be dangerous, uncomfortable, and inefficient for those who visit and work there. In fiscal year 2002, our security screening personnel detected 641,489 weapons and other items prohibited in courthouses. In that same time period, the U.S. Marshals Service reported the detention or arrest of 16 persons related to security breaches in courthouses. In determining the need for new courthouses, the judiciary assesses whether courthouses have separate routes of circulation so that prisoners are not transported through the same

areas and elevators as judges, jurors, and members of the public. It also assesses whether courthouses have holding cells adjacent to courtrooms and sally ports for bringing prisoners into the courthouses in a secure manner. The operational systems in courthouses for heating, ventilation, and electricity are often inadequate as well. Some of the older courthouses also cannot be wired for courtroom technology and so cannot benefit from the time savings offered by video evidence presentation systems, videoconferencing systems, and electronic means of taking the record.

The judiciary's caseload is not determined by the judiciary; it must handle the criminal cases brought by the Department of Justice, the civil cases brought by plaintiffs, and bankruptcy cases. The courts experienced record workload increases in fiscal year 2002. Bankruptcy filings grew 8 percent; civil filings in the U.S. district courts climbed 10 percent; and criminal cases rose 7 percent. The number of persons under probation supervision rose 4 percent, and defendants in cases opened in the pretrial system grew 4 percent. These increases result in the need for more staff and court space in which to process the cases.

I urge you to authorize the judiciary's courthouse program for FY 2004 so that the judiciary can overcome these problems and address its growing workload in secure, efficient facilities.

The Los Angeles Courthouse

In my meetings this year with Members of Congress and their staff, everyone has asked about the Los Angeles courthouse, which GSA estimates will cost \$428 million to construct and is the judiciary's number one priority for fiscal year 2004. A new courthouse is needed in Los Angeles to consolidate the district court operations, which are currently split between two courthouses several blocks apart. The split district court operation causes delays in proceedings and confuses jurors and the public. Jurors, critical evidence such as money and drugs, and confidential files must be escorted across several busy city streets between the courthouses. There are not enough courtrooms for the number of judges, over half of the courtrooms are undersized, and 28 lack adjacent prisoner holding facilities. Prisoners are transported through the open judicial parking garages and through unsecured corridors to the main cellblock. Prisoners reach some courtrooms by crossing judicial or public corridors and by using freight and public elevators. Prisoners are escorted to courtrooms through long convoluted corridors where deputy marshals have to follow a multitude of colored lines painted on the floor in order to find the right

courtroom. Finally, the court lacks adequate space for multi-defendant trials and naturalization ceremonies, requiring expensive temporary physical modifications or the rental of space.

The judiciary understands how difficult it is for the Congress to fund this project fully this year. Nevertheless, whatever the international situation, the courts must function and they must function in a manner that does not jeopardize the safety of the public, of the jurors, of the judges, or of any of the other persons coming into our courthouses. I hope we can work together with GSA and Congress to determine whether the funding can be split between two years so that the judiciary's entire courthouse program is not delayed. The judiciary asks that the entire \$428 million be authorized this year, however, so that the project does not have to be revisited. Hopefully, the Administration will recognize the authorization as a sign of support for the project. Due to its high score, the Los Angeles project is likely to be the judiciary's number one priority until it is funded. The need for it is critical and its cost will only increase if it is delayed.

Conclusion

Thank you for the opportunity to testify today and for the Subcommittee's support of the courthouse program over the years. 1 am happy to answer any questions you may have regarding the judiciary's facilities requirements for FY 2004.

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FY 2004 Courthouse Repair and Alteration Projects

(dollars in millions)

Project	Project Phase	Judiciary's Appropriation Request	President's Budget	Authorization Request
Denver, CO	Construction	\$ 48.436	\$ 48.436	\$ 48.436
Atlanta, GA	Construction	32.173	32.173	32.173
Chicago, IL	Construction	24.056	24.056	24.056
Springfield, IL	Construction	6.183	6.183	6.183
Boston, MA	Construction	73.037	73.037	73.037

Brooklyn, NY	Construction	65.511	65.511	65.511
New York, NY	Design	16.000	0	16.000
Seattle, WA	Design	0.395	0.395	0.395
Tucson, AZ	Design	1.588	1.588	1.588
San Antonio, TX	Design	2.909	2.909	2.909
New Orleans, LA	Design	0.939	0.939	0.939
(John Minor Wisdom)				
New Orleans, LA	Design	2.161	2.161	2.161
(Hale Boggs FB-CT)				
Totals		\$271.388	\$257.388	\$273.388

All cost estimates are subject to confirmation by GSA.

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